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Unilateral economic measures as a means of political and economic coercion against developing countries

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 62/183, entitled "Unilateral economic measures as a means of political and economic coercion against developing countries". In accordance with that resolution, the Secretary-General invited the Governments of all Member States to provide their views or any other relevant information on the issue of unilateral economic measures as a means of political and economic coercion against developing countries. The comments and observations received from Belarus, Burkina Faso, the Islamic Republic of Iran and Jamaica and from agencies of the United Nations are reproduced in this report.

The responses from Member States generally expressed disagreement with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Such actions are viewed as contrary to the principles of the Charter of the United Nations, the norms of international law and the rules-based multilateral trading system, which undermine the sovereign equality of States. The responding United Nations regional commissions reported the continued application of unilateral coercive economic measures affecting the following Member States: Cuba, Myanmar, the Democratic People's Republic of Korea, the Sudan and the Syrian Arab Republic. Sanctions also continued to apply against the Occupied Palestinian Territory.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 62/183, entitled "Unilateral economic measures as a means of political and economic coercion against developing countries". In that resolution, the Assembly, inter alia, urged the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that were not authorized by relevant organs of the United Nations or were inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravened the basic principles of the multilateral trading system.

2. In the same resolution, the General Assembly requested the Secretary-General to continue to monitor the imposition of measures of that nature and to study the impact of such measures on the affected countries, including the impact on trade and development, and to report to the Assembly at its sixty-fourth session on the implementation of the resolution.

3. Accordingly, the Secretariat, in a note verbale dated 22 May 2009, invited the Governments of all States to provide their views or any other relevant information regarding the existence of any unilateral sanctions and the impact these may have had on their trade and development. As at mid-July 2009, four member States — namely, Belarus, Burkina Faso, the Islamic Republic of Iran and Jamaica — provided views and comments as requested in the note verbale. The texts of those replies are reproduced in annex I to the present report.

4. Relevant organizations, programmes and agencies inside and outside the United Nations system were also invited to provide information and analyses concerning recent developments in the subject area. The Economic Commission for Latin America and the Caribbean (ECLAC), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic and Social Commission for Western Asia (ESCWA) responded to that invitation. The texts of replies received from those three regional commissions are reproduced in annex II to the present report.

II. Summary of replies received from Member States and United Nations bodies

5. The comments of Member States generally expressed disagreement with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Such actions are viewed as contrary to the principles of the Charter of the United Nations, the norms of international law and the rules-based multilateral trading system, which undermine the sovereign equality of States. Belarus supports the efforts of the United Nations to prevent such practices and to minimize any damages to countries that have suffered from unilateral sanctions. Burkina Faso believes that unilateral economic measures present an obstacle to socio-economic development of affected States. The Islamic Republic of Iran, which identifies itself as one of the countries subjected to coercive economic measures, expressed an urgent need for such measures to end. Jamaica assured the Secretary-General that the country has not promulgated any law, legislation or other action that would infringe on the sovereignty of any other

State. Jamaica further urges all other Member States that have, and continue to apply, such measures to abide by calls made by the General Assembly to repeal or invalidate those measures as soon as possible.

6. The comments of ECLAC addressed issues concerning recent developments in the almost five-decade-old embargo imposed by the Government of the United States against Cuba, which ECLAC viewed as a special case of the application of unilateral economic measures as a means of political and economic coercion against a developing country. ESCAP reported the latest developments regarding the continued application of unilateral economic measures in Myanmar and the Democratic People's Republic of Korea. ESCWA provided a summary of latest developments of three economies — the Occupied Palestinian Territory, the Sudan and the Syrian Arab Republic — that were previously reported to have been adversely affected by unilateral economic measures as a means of economic and political coercion.

Annex I

Replies received from Member States

Belarus

[Original: Russian]
[29 June 2009]

The Republic of Belarus does not practise and condemns unilateral economic measures as a means of political and economic coercion against developing countries. While supporting United Nations efforts to eliminate the practice, Belarus believes that it would be useful to the United Nations system to pay increased attention to concrete steps to prohibit it and to mitigate the damage to countries that have been the victims of unilateral sanctions.

Burkina Faso

[Original: French]
[10 July 2009]

1. The Permanent Mission of Burkina Faso to the United Nations presents its compliments to the Department of Economic and Social Affairs, Secretariat of the United Nations, and, with reference to its note of 22 May 2009 on the implementation of General Assembly resolution 62/183, has the honour to transmit the following information:

2. Burkina Faso has always advocated the peaceful resolution of disputes between States.

3. Burkina Faso therefore wishes to express its opposition to unilateral economic measures as a means of political and economic coercion against developing countries.

4. Burkina Faso believes that such measures:

- Arouse feelings of injustice, frustration and outrage in the targeted States;
- Exacerbate tensions and prejudice the good working relations that ought to prevail between States;
- Curtail the socio-economic development of targeted States and call into question their sovereignty;
- Constitute a serious breach of the principles of the Charter of the United Nations and the multilateral trading system.

Islamic Republic of Iran

[Original: English]
[2 June 2009]

1. The Permanent Mission of the Islamic Republic of Iran to the United Nations presents its compliments to the Secretary-General of the United Nations and, with reference to the communication of the Secretariat dated 22 May 2009 and paragraph

four of resolution 63/7 entitled "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba", would like to provide the following observations:

2. The Government of the Islamic Republic of Iran reiterates its position that the economic, commercial and financial embargo against Cuba runs counter to the principles of international law governing relations among States and contradicts the letter and spirit of the Charter of the United Nations, which calls for promoting solidarity, cooperation and friendly relations among nations. Such measures continue to adversely affect the living conditions and human rights of the Cuban people and to hamper the efforts of the Cuban Government to achieve the internationally agreed development goals, including the Millennium Development Goals. In this context, the embargo is constraining the efforts of the Government of Cuba to eradicate poverty and hunger and to promote health and education, which are indispensable means for the achievement of economic and social development.

3. The adoption of the relevant resolutions, with such a wide range of support and for so many years, clearly indicates the strong objection of the international community to unilateral economic coercive measures in general and the economic, commercial and financial embargo imposed against Cuba in particular. Furthermore, as the international community is facing major challenges such as the global financial and economic crisis and thus increased poverty, unemployment and malnutrition, the imposition of embargoes and sanctions are more unjustifiable than ever and merit stronger objections and appropriate reaction at the global level.

4. The Islamic Republic of Iran strongly rejects the application of unilateral economic and trade measures by one State against another that affect the free flow of international trade and financial resources, as well as the extraterritorial application and effects of national legislation on the sovereignty of other States. Such actions are contrary to the principles of international law, the sovereign equality of States, non-interference in the internal affairs of States and peaceful coexistence among States.

5. The Islamic Republic of Iran, being itself subject to economic coercive measures, shares the concern of the Cuban people and Government and therefore, emphasizes the urgent need to put an end to such measures and for the full implementation of the provisions of General Assembly resolution 63/7.

Jamaica

[Original: English]
[1 July 2009]

1. The Permanent Mission of Jamaica to the United Nations has the honour to provide the following report in connection with resolution 62/183:

2. The Government of Jamaica remains opposed to the adoption of unilateral coercive measures as a means of political and economic coercion against developing countries. In addition to being contrary to the principles of international law and the Charter of the United Nations, such measures contravene the sovereign equality of States and non-interference in the internal affairs of States.

3. For this reason, the Government of Jamaica has not promulgated any law, legislation or measure, or taken any other action, that would infringe on the sovereignty of a State or its lawful national interests.

4. The Government of Jamaica therefore reiterates the call made by the General Assembly urging all States that have applied and continue to apply such measures to take the necessary steps to repeal or invalidate them as soon as possible.

Annex II

Replies received from United Nations bodies

Economic Commission for Latin America and the Caribbean

1. In its contribution to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries, the Economic Commission for Latin America and the Caribbean (ECLAC) reported the following contribution to the report of the Secretary-General on the implementation of resolution 63/7, entitled "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba", which is considered a specific case of the subject of the present report.

Economic background

2. The period of steady improvement in the economic and social situation in Cuba during the present decade came to an end in 2008 and early 2009. The economy was hit by a combination of external shocks such as high international petroleum and food prices in the first part of 2008, followed by an unusually destructive hurricane season. The former affected the Cuban economy adversely by increasing the petroleum bill and the food bill, thus crowding out other imported goods, given the foreign currency restriction Cuba faces. It is estimated that the increase in international prices of food resulted in an additional cost of close to $840 million in the form of imports.

3. The impact of natural disasters was related to three hurricanes and one tropical storm whose accumulated damage in 2008 has been estimated by the Government of Cuba at $9.7 billion, which is equivalent to almost 20 per cent of gross domestic product (GDP). This has to be compared against the sum of all damages resulting from hurricanes in the period 2000-2007, estimated at $9.1 billion.

4. One of the most visible consequences of the hurricanes was the destruction of the housing stock. Some 530,000 housing units were damaged, and almost 90,000 destroyed. Given that the capacity of the Cuban economy to build housing units is around 50,000 per year, it will take almost two years to recover to the pre-2008 level of housing.

5. As a result of these two shocks, the economic growth in 2008 was a mere 4.3 per cent against the projected 8 per cent. The ongoing economic crisis in the world is exerting a toll on the Cuban economy as well, so economic growth is projected in the best case scenario at 3 per cent. Given that the first quarter has seen a growth of GDP of only 2.8 per cent, the best case scenario is most probably out of reach.

Effects of the United States embargo

6. The embargo imposed by the Government of the United States of America on Cuba has been in place for almost five decades, adversely affecting the standard of living of Cuban citizens and the normal functioning of the Cuban economy. It has direct and indirect effects on all sectors of the economy. The United States has been

imposing this unilateral policy on other sovereign countries in the world with measures such as the Torricelli Law (1992) and the Helms-Burton Act (1996).

7. According to the estimation of the Cuban authorities, the accumulated direct damages of the embargo amount to more than $90 billion. During the Bush administration, additional sanctions and more severe retaliation and punishment against individuals, companies and sovereign nations were adopted, thus increasing the scope and intensity of the embargo.

8. As a result of that policy, some sectors, such as food production and public health, have been especially affected, with grave social consequences. Cuba is forced by the embargo to import medicine, medical equipment and health-enhancing products from faraway countries, raising shipping costs substantially. In addition to this and given the uncertainty introduced by the embargo, Cuba has to maintain large inventories, thus incurring additional costs.

9. In the agriculture sector, the embargo has reduced the possibility and increased the costs of buying inputs like fertilizers and seeds, and technology and equipment that will increase productivity and reduce production costs. Given the strategic importance of food, the Government of Cuba has been obliged to keep additional stocks of food in order to provide an uninterrupted supply to the population in general.

10. The Cuban Government has invested heavily in an ample programme to update the transport sector, with visible effects in terms of improvement of transport services to the public and the economy in general. However, the embargo has impeded faster modernization of that sector, and has made it more costly.

11. The construction sector has also been a victim of that policy. Cuban enterprises cannot import from the United States materials and equipment necessary for the construction of hospitals, schools, housing units and roads. Given the widespread destruction by the hurricanes in 2008, reconstruction in the housing sector will be much slower because of the embargo.

12. There has been some, but still limited, progress regarding the economic embargo with the Obama Administration assuming power at the beginning of 2009. The vast majority of measures against Cuba are still being applied rigorously, however.

13. The change has come in the realm of restrictions on Cuban Americans regarding travel to Cuba, sending family remittances and expanding the range of goods that can be shipped to Cuba as donations. Some opening up of the telecommunication services by United States enterprises is also being proposed.

14. However, this limited change of stance stands in stark contrast to other long-standing measures, such as the ban on travel to Cuba that affects American citizens in general. Cuba is the only country in the world that American citizens are not allowed to visit.

15. The new measures do not affect fines imposed by the United States Government on individuals and enterprises that infringe the embargo by exporting to Cuba, importing from Cuba, or organizing trips to Cuba, or by other forms of dealings with Cuba and its citizens. Needless to say, this affects third parties, as a result of which Cuban enterprises have a very limited choice of possible foreign partners. The persecution of Cuban commercial and financial transactions with third

parties has continued, elevating the costs not only for Cuba, but also for the citizens and enterprises from other nations.

Economic and Social Commission for Asia and the Pacific

1. In its contribution to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries, ESCAP provided the following update from the previous report (A/62/210):

Myanmar

2. Since the last report, a number of countries have extended the period of their existing unilateral economic measures against Myanmar. The measures include an arms embargo, restrictions on investment and non-humanitarian aid, asset freezes and visa bans on a number of officials and their families, and trade and investment bans for a number of enterprises from the country. While lack of data prevents a full appraisal of the impact of the measures, the measures have resulted in an economic cost to the country by impeding its ability to develop a more diversified economy through greater insertion in world trade.

Democratic People's Republic of Korea

3. Since the last report, unilateral economic measures continue to be applied by various countries against the Democratic People's Republic of Korea. The measures primarily relate to exports to the Democratic People's Republic of Korea of materials used in sensitive industries, and the ban on exports of luxury goods to the country. Additionally, some countries have frozen the foreign assets of some officials of the Democratic People's Republic of Korea. While none of the measures cover trade in food and non-luxury items, the effect of the measures as a whole is to prevent the full engagement of the country in the international economy, which would provide greater opportunities for economic development and poverty reduction.

Economic and Social Commission for Western Asia

1. In its contribution to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries, ESCWA reported the following:

Occupied Palestinian Territory

2. In the light of the Hamas takeover of the Gaza Strip in June 2007, a caretaker government that excluded Hamas was formed in the West Bank. Although that has led to the end of the boycott by the European Union (EU), the United States and Israel of the Palestinian Authority in the West Bank, the EU-United States boycott of the Hamas-controlled Gaza institutions remained in place. Furthermore, Israel has imposed a near total blockade on the Gaza Strip since the second half of 2007. The conditions laid out by Israel to lift the blockade on the Strip include security and political dimensions. This has led to a steep economic decline in the Gaza Strip resulting in a humanitarian crisis. In addition, construction materials, spare parts and

other industrial goods remain, for the most part, banned, thereby impeding reconstruction and recovery. The 2008 unemployment rate for the Gaza Strip is estimated at an average of about 40 per cent, while poverty rates were already as high as 80 per cent in 2007, and are expected to be higher in 2008-2009. Economic activity has been reduced to its minimum, based on food aid, public employment and the "tunnel economy".

Sudan

3. Since November 1997, the United States Government has imposed comprehensive unilateral economic sanctions against the Sudan, including a total asset freeze against the Government, restrictions on imports from and exports to the Sudan, and restrictions on financial transactions, as well as sanctions on companies linked to the Government of the Sudan. In October 2006, the United States issued a new executive order that continued the countrywide blocking of the Government of the Sudan but allowed more transactions with the Government of Southern Sudan and removed it from the scope of the blocking authority. In response to continuing violence in Darfur, in December 2007, the United States Government signed the Sudan Accountability and Divestment Act, which authorizes State and local governments to divest from companies doing business in named sectors in the Sudan. While the Sudan has enhanced its economic relations with countries such as China and of the EU in recent years, the socio-economic impact of United States sanctions on the Sudan is difficult to accurately assess.

Syrian Arab Republic

4. The United States sanctions imposed on the Syrian Arab Republic in 2004, which prohibit all exports of goods, except food and medicines, from the United States to the Syrian Arab Republic, were renewed for one year in May 2009. The EU and a number of Arab countries remain large trading partners of the Syrian Arab Republic.